

EXHIBIT SS

REDACTED PUBLIC
VERSION

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 SAN JOSE DIVISION
4

5 IN RE: HIGH-TECH EMPLOYEE)
6 ANTITRUST LITIGATION)
7) No. 11-CV-2509-LHK
8 THIS DOCUMENT RELATES TO:)
9 ALL ACTIONS.)

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13 VIDEOTAPED DEPOSITION OF SHARON COKER
14 HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY
15 November 1, 2012

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17 Reported by: Anne Torreano, CSR No. 10520

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03:42:19 1 believe it may have happened as a result of Alan
03:42:23 2 leaving the business. And so at that point in time
03:42:25 3 when he left the business there may have -- shortly
03:42:30 4 after then been a recognition of changing my title to
03:42:33 5 senior director.

03:42:34 6 Q. So there was a period of time where you were
03:42:36 7 the director of human resources and then a subsequent
03:42:39 8 period when you were the senior director?

03:42:41 9 A. I believe so.

03:42:41 10 Q. And do you recall when that changed happened?

03:42:44 11 A. I do not recall.

03:42:44 12 Q. And when that change happened, were you still
03:42:48 13 reporting to Mr. Keith?

03:42:48 14 A. No, I believe the change would have happened
03:42:52 15 after Alan left, and then at that point I was reporting
03:42:57 16 into Steve Condiotti.

03:42:59 17 Q. Okay. And then when you -- your title changed
03:43:02 18 and you became the senior director of human resources,
03:43:07 19 were you reporting to Mr. Condiotti?

03:43:09 20 A. Correct.

03:43:09 21 Q. And were you the senior director of human
03:43:12 22 resources from that point in time until the end of your
03:43:14 23 tenure at Lucasfilm?

03:43:16 24 A. Correct.

03:43:17 25 Q. And that was in approximately April of 2007?

03:43:20 1 A. Correct.

03:43:22 2 Q. And when you left Lucasfilm in April of 2007,
03:43:26 3 were you still reporting directly to Mr. Condiotti?

03:43:28 4 A. Yes.

03:43:29 5 Q. Okay. Now, when you started as the director
03:43:38 6 of human resources, what were the elements of your
03:43:44 7 compensation?

03:43:45 8 A. There were two primary elements of my
03:43:49 9 compensation: One was my salary and the second was
03:43:55 10 bonus eligibility. And bonus eligibility in the comp
03:44:00 11 world would be short-term bonus like an annual bonus
03:44:03 12 versus long-term incentive bonus.

03:44:06 13 Q. Well, were you eligible for both?

03:44:08 14 A. No, I was only eligible for short-term.

03:44:11 15 Q. Now, when you started as director of human
03:44:19 16 resources, were you assigned a -- well, strike that.

03:44:25 17 When you were the director of human
03:44:27 18 resources -- bless you -- was there a salary level
03:44:32 19 associated with that title?

03:44:33 20 A. Yes.

03:44:36 21 Q. And what was the salary level?

03:44:42 22 A. I don't remember specifically, but it would
03:44:47 23 have been at director level.

03:44:51 24 Q. Did Lucasfilm have a series or a structure of
03:45:04 25 salary tiers?

03:45:07 1 A. We had -- yes, we had identified levels of
03:45:13 2 positions within our salary structure all the way
03:45:19 3 through nonexempt up to executive level.

03:45:22 4 Q. And were those maintained in some kind of
03:45:26 5 written schedule?

03:45:27 6 A. They were maintained, yes, in a database.

03:45:30 7 When I first joined Lucasfilm, one of the
03:45:35 8 things that I was hired for was that at the time that I
03:45:38 9 joined all of the primary companies were just located
03:45:44 10 in different locations geographically in Marin, and
03:45:47 11 they had also kind of, if you will, grown their own
03:45:50 12 cultures, grown their own personalities, had their own
03:45:53 13 executives, had their own staff. So from an HR point
03:45:57 14 of view, as an example, each one of those large groups
03:46:00 15 had their own HR staff.

03:46:01 16 They technically reported into an HR director,
03:46:04 17 but there was not a lot of consistency in practices.
03:46:07 18 And so in terms of compensation, there were different
03:46:11 19 practices in different business units at that point in
03:46:13 20 time, even though in general they matched up to a broad
03:46:18 21 structure of levels.

03:46:20 22 Q. Okay. So let me ask you a couple questions
03:46:22 23 about that.

03:46:22 24 First of all, while you were at Lucasfilm did
03:46:27 25 that -- do those -- did that structure get normalized

03:46:31 1 or cleaned up or unified?

03:46:33 2 A. It did. It was a work in progress when I
03:46:35 3 left, but yes, we achieved quite a bit in terms of
03:46:39 4 organizing them.

03:46:40 5 Q. And it was part of your job to work on that?

03:46:42 6 A. Yes.

03:46:43 7 Q. And can you recall approximately when that
03:46:48 8 began?

03:46:48 9 A. It had begun when I was hired. Lucas had been
03:46:53 10 working with an outside consultant for a period of time
03:46:55 11 to take a look at it. I think the focus and
03:47:00 12 acceleration, if you will, of that was due to the fact
03:47:01 13 that the companies were all going to be moving together
03:47:02 14 into San Francisco.

03:47:03 15 Q. Right.

03:47:03 16 A. We were anticipating more than it actually
03:47:06 17 played out to happen that there'd be more movement
03:47:09 18 between companies as a result of the co-location, and
03:47:12 19 so we felt that there was a need to focus on those.

03:47:16 20 Q. Was there a particular person who you would
03:47:18 21 identify as responsible for that development of a more
03:47:24 22 unified salary structure at Lucasfilm?

03:47:26 23 A. I would say that the work had started with an
03:47:29 24 outside consultant, and she was primarily responsible
03:47:32 25 for doing a lot of the analysis. She worked extremely

03:47:36 1 closely with Steve Condiotti, again, where Roshni
03:47:41 2 brought in -- Roshni Southard brought in the expertise
03:47:44 3 around compensation structures and models, Steve was
03:47:47 4 the subject the matter expert in terms of knowing
03:47:50 5 Lucasfilm and knowing kind of idiosyncrasies of the
03:47:54 6 organizations.

03:47:54 7 Q. So what was the name of the consultant?

03:47:55 8 A. Her name was Roshni Southard.

03:47:58 9 Q. And does she work for a company?

03:47:59 10 A. She worked for a company called Palmer
03:48:02 11 Advantage.

03:48:02 12 Q. And -- okay.

03:48:13 13 MR. PURCELL: Counsel, it's been about an
03:48:14 14 hour. Is this an okay time to take a break?

03:48:16 15 MR. SAVERI: I've got questions, but I'm sure
03:48:19 16 this is fine. I don't mean to be facetious.

03:48:22 17 THE WITNESS: No.

03:48:23 18 MR. SAVERI: Okay.

03:48:24 19 THE VIDEOGRAPHER: This is the end of video
03:48:25 20 No. 4. The time is 3:49 p.m. We're going off the
03:48:29 21 record.

03:48:30 22 (RECESS TAKEN.)

04:03:47 23 THE VIDEOGRAPHER: This is the beginning of
04:03:54 24 video No. 5 in the deposition of Sharon Coker. The
04:03:58 25 time is 4:04 p.m. We're back on the record.

04:04:02 1 BY MR. SAVERI:

04:04:02 2 Q. Can I ask you a follow-up question about
04:04:04 3 Exhibit 354, which was the exhibit that referred to
04:04:08 4 [REDACTED]?

04:04:12 5 A. Yes.

04:04:13 6 Q. Do you have that in front of you?

04:04:17 7 A. Yes.

04:04:17 8 Q. Now, you say at the top of the document that
04:04:20 9 you would check.

04:04:21 10 Do you see that?

04:04:22 11 A. That I would look at [REDACTED] comp?

04:04:24 12 Q. Yeah.

04:04:26 13 Do you -- did you have authority to make the
04:04:30 14 decision to increase his compensation?

04:04:34 15 A. Within guidelines, you know, if it was within
04:04:40 16 a broad range that had been established for positions,
04:04:44 17 yes, I did. However, I would say that almost always
04:04:48 18 when you made -- not always, but often if you would
04:04:51 19 make an individual decision, it could impact other
04:04:56 20 employees in similar positions. So you had to look at
04:04:57 21 that. And so there would be times when I would have
04:05:01 22 broader conversations with people even though I could
04:05:03 23 have approved it.

04:05:04 24 Q. Okay. So let's break that up into pieces.

04:05:06 25 The first part was -- I think you said that

04:05:09 1 you did have authority within a salary range?

04:05:11 2 A. Yes.

04:05:12 3 Q. Is that correct?

04:05:12 4 A. Mm-hmm.

04:05:13 5 Q. What did you mean by that?

04:05:14 6 A. So we had broad ranges established for
04:05:19 7 positions, and, you know, a range -- I'll just give you
04:05:25 8 a hypothetical range. A range could be a salary
04:05:29 9 between 60,000 and 85,000 dollars for a particular
04:05:35 10 position, and you would determine where an individual
04:05:38 11 should be paid within that range based on their
04:05:41 12 experience, skill, comp history, performance level. So
04:05:45 13 there are a number of factors as to where an individual
04:05:48 14 would be comped within that broader range.

04:05:50 15 Q. And those were elements of the -- part of the
04:05:54 16 salary structure that we were talking about?

04:05:55 17 A. Right.

04:05:56 18 Q. So for each job title at Lucasfilm was there a
04:06:07 19 salary range?

04:06:09 20 A. Each job title was matched to a job family.

04:06:13 21 Q. Okay.

04:06:14 22 A. So there were -- there were ranges for job
04:06:19 23 families rather than individual titles, I would say.
04:06:22 24 The job title is matched to a family, and then there's
04:06:24 25 a broad range for a family of jobs.

04:06:27 1 Q. So is it fair to say then that for each job
04:06:33 2 family there were a number -- or there could be more
04:06:35 3 than one job title that would be part of a job family?

04:06:39 4 A. Correct.

04:06:40 5 Q. And the salary range was established at the
04:06:43 6 job family level, not at the job title level; is that
04:06:46 7 correct?

04:06:46 8 A. Right. And not to confuse you, but in the
04:06:50 9 world of comp it's -- sometimes "job family" is the
04:06:53 10 expression that's used and sometimes it's "job level."

04:06:55 11 Q. Right. So how many job titles were there at
04:07:04 12 Lucas?

04:07:10 13 A. I think that there could have been eight
04:07:13 14 hundred to a thousand. Something like that.

04:07:16 15 Q. And as part of your efforts to kind of unify
04:07:22 16 or normalize that structure, did you reduce the number
04:07:25 17 of job titles?

04:07:27 18 A. We did not reduce the number of job titles.
04:07:29 19 What we tried to do was -- so to explain the effort
04:07:34 20 that I was involved in, each company had already in
04:07:38 21 place their own structure that was somewhat similar to
04:07:41 22 this. So it's not uncommon for organizations,
04:07:44 23 especially as they grow in size, to figure out some
04:07:47 24 sort of way to compensate people for similar-type work.

04:07:51 25 And so they all had similar broad bands and

04:07:55 1 they had already done matches of their numerous job
04:07:59 2 titles into these broader bands. But my effort was to
04:08:03 3 say, okay -- I'll give you two examples. There were
04:08:07 4 many situations where job titles and even job roles,
04:08:10 5 the work that people did, was unique to that
04:08:14 6 organization. So you would have a game developer in
04:08:17 7 LucasArts, but you wouldn't have a game developer in
04:08:21 8 Lucas Animation.

04:08:22 9 So there were job titles and job roles that
04:08:24 10 were particular to that organization.

04:08:26 11 There were also some broad categories of jobs
04:08:28 12 that existed across all organizations. Our effort in
04:08:32 13 terms of cleaning that up was to say you may call them
04:08:36 14 X here and Y here, but we want to identify if they're
04:08:39 15 doing the same role and therefore make sure they're
04:08:43 16 matched in the same range.

04:08:44 17 Q. So among other things, was the -- was the
04:08:47 18 effort to match employees in the same range part of an
04:08:51 19 effort to try to treat like people alike?

04:08:54 20 A. Yes. And again, I think I'd mentioned that
04:08:57 21 one of the things we were expecting that never happened
04:09:01 22 greatly is that people want to move around, where
04:09:03 23 before they didn't very often.

04:09:05 24 Q. So -- okay. So I think you told me that you
04:09:08 25 thought there were -- I think you used the number

04:09:12 1 possibly eight hundred job titles at Lucas?

04:09:14 2 A. A large number, yeah.

04:09:16 3 Q. And how many job families did that kind of
04:09:20 4 roll up to?

04:09:20 5 A. So again, for a little bit of clarity, I will
04:09:29 6 use as an example, production side.

04:09:32 7 So both at -- nonexempt and exempt level
04:09:36 8 positions reside within a production family. So
04:09:39 9 production family can start with a production
04:09:42 10 assistant, which is the entry-level position, and work
04:09:44 11 all the way up to an executive producer. And that
04:09:48 12 would be what I would call a job family. So it's the
04:09:51 13 production job family.

04:09:52 14 Within the production job family there are
04:09:54 15 levels, and there were probably -- if you kind of throw
04:09:58 16 out nonexempt and you throw out executive -- in between
04:10:02 17 maybe -- maybe four to five levels.

04:10:08 18 Q. Four to five?

04:10:08 19 A. Four to five.

04:10:10 20 Q. And -- okay. If you add the exempt in, how --

04:10:16 21 A. That includes the exempt. That is the exempt.

04:10:18 22 Q. I mean, if you add in the nonexempt, how would
04:10:22 23 that go?

04:10:22 24 A. So typically for hourly employees who are
04:10:24 25 nonexempt we did not have that same level of structure,

04:10:26 1 because they're hourly.

04:10:27 2 Q. Okay. How about if you added the executives
04:10:30 3 in?

04:10:30 4 A. And by "executives," I'm taking out maybe ten
04:10:33 5 people at the company or twelve people at the company.

04:10:35 6 Q. Okay.

04:10:36 7 A. So it was a very small number.

04:10:38 8 Q. So that top of the pyramid represented the
04:10:40 9 very small band in terms of actual head count?

04:10:44 10 A. Correct. And by the nature of the
04:10:50 11 executive-level role, I've never worked anywhere where
04:10:54 12 it's been -- it's almost treated as an animal apart.
04:11:00 13 It's not part of the ...

04:11:01 14 Q. And again, so I understand, the salary ranges
04:11:10 15 were established at Lucasfilm at the salary family
04:11:16 16 level; is that correct?

04:11:17 17 A. It was both. It was almost like an
04:11:19 18 intersection, if you picture the grid. So within a
04:11:23 19 family of jobs, like if you were to look at like
04:11:26 20 technical positions or if you were to look at the
04:11:28 21 production family, I'll stay with that for a moment,
04:11:30 22 there's a hierarchy, if you will, of complexity of
04:11:34 23 roles within a family, and that might be the horizontal
04:11:41 24 part of the grid.

04:11:42 25 The vertical part of the grid would be, you

04:11:44 1 know, how do you level those positions with -- across
04:11:48 2 the board, to compare them to people in different job
04:11:50 3 families.

04:11:52 4 So if somebody was a fairly senior-level
04:11:55 5 producer, you wanted the ability to also look at
04:11:58 6 senior-level technical people or senior-level
04:12:02 7 management people and say, how do our -- for example,
04:12:05 8 at a director level, directors have very distinct and
04:12:09 9 different jobs depending on what family they're in.

04:12:11 10 Q. Right.

04:12:12 11 A. But they are at a certain level within the
04:12:15 12 company. We want to be able to look at their
04:12:17 13 compensation across that level.

04:12:18 14 Q. And again, there was some effort to treat like
04:12:22 15 people alike in terms of compensation?

04:12:23 16 A. Well, I think it was more a situation of
04:12:25 17 analytics in terms of that. It was like, you know,
04:12:27 18 where does it make sense to do that and where do you
04:12:31 19 say that a director's job is so unique or so different
04:12:35 20 or has such an impact on the business that it's
04:12:37 21 different than another director's job.

04:12:39 22 Q. So if a person was placed somewhere in that
04:12:44 23 system within a salary range, how was it determined --
04:12:51 24 how was the base compensation determined on a
04:12:55 25 year-to-year basis?

04:12:56 1 Put another way, how was someone's salary
04:12:59 2 within that range established?

04:13:00 3 A. So as an example, if you take the category of
04:13:07 4 TDs, which was a huge population, if you take the
04:13:10 5 categories of TDs --

04:13:11 6 Q. When you say "huge," just in terms of head
04:13:13 7 count?

04:13:13 8 A. In terms of head count, the number of people
04:13:17 9 in those titles. And you had a wide variety of
04:13:20 10 technical directors. Some of them worked in
04:13:21 11 lighting, some them worked in modeling, some of them
04:13:26 12 worked in hair and cloth. I mean, it was very broad.

04:13:28 13 Having said that --

04:13:30 14 Q. Did you say "hair and cloth"?

04:13:32 15 A. Hair and cloth TDs.

04:13:33 16 Q. Okay. I got it.

04:13:34 17 A. Yeah.

04:13:35 18 Q. Okay.

04:13:36 19 A. But even within that category of like a
04:13:39 20 lighting TD, you had levels of experience. So you
04:13:43 21 would have a junior entry-level lighting TD, you would
04:13:47 22 have a mid-level TD, and you'd have a senior
04:13:50 23 advanced-level TD.

04:13:52 24 So to your point around how would we determine
04:13:54 25 the compensation, we would know when we posted an

04:19:06 1 is Lucasfilm competitive with -- against our
04:19:10 2 philosophy, where we want to be in the marketplace
04:19:13 3 within that whole job family.

04:19:15 4 It's not -- then it becomes not just a Steve
04:19:17 5 issue, but it's in general. If he was a technical TD,
04:19:20 6 in general are we paying him the right -- you know, are
04:19:23 7 we going to start losing good talent or not be able to
04:19:26 8 attract talent because of our -- what we've decided to
04:19:30 9 pay for that range of positions.

04:19:31 10 Q. And if you thought there was something that
04:19:33 11 needed to be adjusted with respect to, for example,
04:19:35 12 moving of TDs as a class --

04:19:37 13 A. Right.

04:19:37 14 Q. -- am I correct that that would have broader
04:19:41 15 implications for that salary structure?

04:19:43 16 A. Correct.

04:19:43 17 Q. For example, I mean, among other things, if
04:19:46 18 I'm understanding the horizontal and vertical direction
04:19:49 19 correctly, we're talking about a situation now where
04:19:54 20 a -- essentially a horizontal -- a whole horizontal
04:19:59 21 tier would be raised in terms of their base
04:20:02 22 compensation?

04:20:02 23 A. Or it could potentially -- or a group of
04:20:04 24 employees within that range.

04:20:05 25 Q. And that had -- and is it correct that that

04:20:09 1 had a significant enough broad effect that other, more
04:20:15 2 senior people needed to be involved in that discussion?

04:20:19 3 MR. PURCELL: Object to the form.

04:20:19 4 THE WITNESS: Yes, in that those decisions
04:20:28 5 that impacted more than just one individual could have
04:20:32 6 impact a ripple effect on other positions. So it was
04:20:37 7 not solely my decision to change a salary range. It
04:20:40 8 was something that I discussed with other people.

04:20:42 9 BY MR. SAVERI:

04:20:42 10 Q. Like Mr. Condiotti?

04:20:43 11 A. Correct.

04:20:44 12 Q. And Ms. Chau?

04:20:44 13 A. At times Ms. Chau.

04:20:46 14 Q. Have you gone -- have you gone to outside
04:20:53 15 training on compensation?

04:20:57 16 A. No.

04:21:00 17 Q. Did you learn all this on the job?

04:21:01 18 A. Well, I learned on the job over a period of
04:21:04 19 many years, and also, again, from exposure to working
04:21:11 20 with consultants and exposure to working with, you
04:21:14 21 know, in a variety of different types of businesses in
04:21:17 22 different types of compensation situations.

04:21:20 23 Q. So have you ever -- in the context of those
04:21:29 24 discussions or that training or that experience, have
04:21:34 25 you become acquainted with the term -- with the concept

04:21:37 1 of internal equity?

04:21:39 2 A. Yes.

04:21:39 3 Q. Can you tell me what that is, please, to the
04:21:42 4 best of your understanding?

04:21:42 5 A. Internal equity is that people within the
04:21:47 6 company, internally within the company -- and it has
04:21:50 7 nothing to do with what the market pays, if you want to
04:21:54 8 be literal with it. But internal equity then means
04:21:57 9 that at my company I'm paid comparably -- not exactly,
04:22:01 10 but I'm paid comparably to other people with the same
04:22:03 11 set of experience and the same level of performance for
04:22:06 12 doing the same work.

04:22:07 13 Q. Is that a concept or an idea or a goal that
04:22:13 14 Lucas tried to meet with its compensation structure?

04:22:18 15 A. I think that it was a factor that you always
04:22:22 16 look at in terms of compensation changes, but was it
04:22:29 17 a -- given great weight? Was it a primary factor? I
04:22:38 18 would say not necessarily.

04:22:39 19 Q. Okay. Do you understand that at least what
04:22:42 20 you're describing about internal equity was peculiar to
04:22:46 21 Lucas?

04:22:46 22 A. No.

04:22:47 23 Q. Did you understand the idea of -- concept of
04:22:50 24 Lucas -- excuse me, the idea of internal equity to be
04:22:52 25 something that all sorts of companies thought about

04:22:55 1 when constructing or modifying their compensation
04:22:58 2 structures?

04:22:59 3 A. Absolutely. And if the company didn't, the
04:23:01 4 employees would remind them. So, you know, again, I
04:23:04 5 think it's -- it is -- internal equity is a
04:23:13 6 consideration in compensation decisions.

04:23:16 7 Q. Is it fair to say that it's -- while it may
04:23:22 8 not be -- while there may be others that are more
04:23:25 9 important, it is something that Lucasfilm considered?

04:23:28 10 MR. PURCELL: Object to the form.

04:23:29 11 THE WITNESS: I think it was something that,
04:23:35 12 you know, in a broad context we considered. I do not
04:23:39 13 recall that we would have conversations where we would
04:23:42 14 say, now, you know, are we breaking with internal
04:23:45 15 equity by making these decisions. So it was not
04:23:47 16 something that was a -- you know, a number one factor
04:23:52 17 that we'd measure our changes against.

04:23:54 18 BY MR. SAVERI:

04:23:54 19 Q. Now, we've been talking most -- in large part
04:24:00 20 with respect to the compensation structure about what I
04:24:02 21 think of as base compensation or salary; correct?

04:24:05 22 A. Yes.

04:24:05 23 Q. And I think you also identified, at least with
04:24:08 24 respect to yourself, that there were other elements of
04:24:11 25 compensation. I think you said both -- you

04:24:13 1 described -- you talked about bonus eligibility, and
04:24:15 2 then you made a distinction between short-term and
04:24:18 3 long-term.

04:24:18 4 Do you recall that?

04:24:19 5 A. Yes.

04:24:19 6 Q. So was there also another element of the
04:24:23 7 compensation structure at Lucas other than base salary
04:24:26 8 which included bonuses?

04:24:29 9 A. Yes.

04:24:29 10 Q. And could you describe for me generally how
04:24:31 11 that worked?

04:24:32 12 A. Each business unit annually had a set of goals
04:24:37 13 to achieve, and if the business unit met those goals,
04:24:44 14 then all of the employees in that business unit were
04:24:46 15 eligible for -- to participate in a bonus distribution.

04:24:50 16 So business unit performance was the kind of
04:24:56 17 eligibility criteria before you could play, and then if
04:24:58 18 the business unit met those goals, depending on the
04:25:01 19 level of your position and your performance, you would
04:25:07 20 get a bonus, which would be again an annual bonus.

04:25:10 21 Q. Okay. So let me go back through that.

04:25:14 22 A. Okay.

04:25:15 23 Q. First you talked about the business units, and
04:25:17 24 when you say that, are you talking about things like
04:25:22 25 Lucas Art, Lucas Animation, ILM?

04:51:19 1 exercise was to determine where there was the ability
04:51:21 2 to mesh?

04:51:21 3 A. Correct.

04:51:21 4 Q. And also to identify places where it didn't
04:51:25 5 mesh so well?

04:51:26 6 A. Yes.

04:51:27 7 Q. And you wanted to describe a structure that
04:51:30 8 that was organized and rational with respect to kind of
04:51:36 9 both groups?

04:51:36 10 A. Correct. It was again recognizing where there
04:51:39 11 were commonalities and having one structure that could
04:51:45 12 work in multiple locations and then having where they
04:51:47 13 were unique, and there was going to be no attempt to
04:51:50 14 try and match those.

04:51:51 15 Q. Now, the next item is "Gathering Input on Comp
04:52:03 16 Issues."

04:52:04 17 Do you see that?

04:52:04 18 A. Yes.

04:52:04 19 Q. Did you gather input then from people within
04:52:07 20 Lucas? Is that what that means?

04:52:09 21 A. I gathered information from recruiters, and I
04:52:11 22 also gathered information from the business unit
04:52:15 23 managers on what their recruiting and hiring challenges
04:52:17 24 were. We would also talk about the other -- well, we
04:52:22 25 were also trying to arrive at what issues we had with

04:52:26 1 either internal equity or where we had chosen to pay in
04:52:29 2 the marketplace.

04:52:30 3 Q. And so could you describe for me what were
04:52:34 4 the -- what you meant by "internal equity" here?

04:52:36 5 A. So internal equity would be -- it could mean
04:52:40 6 two things. One is it could mean that there were a
04:52:46 7 group of employees in a job family doing similar work
04:52:53 8 and at one company, perhaps even they were paying X or
04:52:58 9 a range of X to Y for those positions. Across the
04:53:03 10 street, more or less in one of the other divisions,
04:53:05 11 they might be paying from X to Z for those positions.

04:53:08 12 So it was within the Lucas companies are there
04:53:12 13 any -- can we identify any areas where we have, you
04:53:18 14 know, what I would call a "pay discrepancy," where
04:53:20 15 we're not paying within reason within ranges.

04:53:24 16 Q. And when you say a "pay discrepancy" in that
04:53:28 17 context you mean a pay discrepancies within Lucas?

04:53:31 18 A. Within Lucas. Again, internal equity would
04:53:35 19 connote that to me.

04:53:35 20 Q. Okay. Then you say -- or this slide says,
04:53:39 21 "Jobs paid at 65th percentile versus 50th percentile."

04:53:43 22 Do you see that?

04:53:43 23 A. Yes.

04:53:44 24 Q. And that's the issue you talked about a little
04:53:46 25 bit earlier about potential problems or issues relating

04:53:52 1 to whether Lucas was going to pay certain job titles or
04:53:57 2 jobs at a [REDACTED] rate as opposed to a [REDACTED]
04:54:02 3 [REDACTED] rate; correct?

04:54:06 4 A. Correct.

04:54:06 5 Q. Now, if you flip to the next slide, there are
04:54:10 6 references to a number -- well, the slide is entitled
04:54:13 7 "External Market Analysis."

04:54:15 8 Do you see that?

04:54:15 9 A. Yes.

04:54:15 10 Q. So let me first -- let me ask you a couple
04:54:18 11 questions about these points. The first item is
04:54:20 12 "Market survey resources."

04:54:22 13 Do you see that?

04:54:23 14 A. Yes.

04:54:23 15 Q. Now, it identifies three companies, Radford
04:54:27 16 Associates, Dunlap and Croner.

04:54:29 17 Do you see that?

04:54:31 18 A. Yes.

04:54:32 19 Q. Were those companies that conducted market
04:54:36 20 surveys regarding compensation?

04:54:38 21 A. Yes.

04:54:39 22 Q. And did Lucasfilm participate in those
04:54:45 23 surveys?

04:54:46 24 A. Yes.

04:54:46 25 Q. And did they obtain information from those

04:54:48 1 survey companies regarding compensation in the
04:54:53 2 marketplace?

04:54:53 3 A. Yes.

04:54:53 4 Q. Did you yourself participate in those survey?

04:54:56 5 A. I personally participated in the Croner. I
04:54:58 6 did not personally participate in either the Dunlap or
04:55:02 7 Radford.

04:55:03 8 Q. Did you provide information to Croner then?

04:55:05 9 A. Are you referencing my personal involvement or
04:55:10 10 the company?

04:55:10 11 Q. I was -- I'm sorry. Did Lucas provide
04:55:13 12 information to Croner?

04:55:14 13 A. Lucas provided information to all three of
04:55:17 14 those survey companies.

04:55:18 15 Q. Okay. And did Lucas receive information back
04:55:21 16 from all three of those companies?

04:55:22 17 A. Yes.

04:55:23 18 Q. Now, let me just jump down. The third item is
04:55:31 19 "Survey data used -- being used for selected segments."

04:55:35 20 Do you see that?

04:55:36 21 A. Yes.

04:55:36 22 Q. Now, were these -- were these segments
04:55:59 23 identified because these provided potential --
04:56:02 24 information on a potential competition with Lucasfilm
04:56:07 25 for particular employees?

04:56:11 1 MR. PURCELL: Object to the form.

04:56:12 2 BY MR. SAVERI:

04:56:12 3 Q. Let me ask you a better question.

04:56:14 4 Why were these selected -- why these segments
04:56:18 5 selected?

04:56:18 6 A. These segments were selected because I would
04:56:24 7 say there is no one place to get all of your
04:56:27 8 information. So again, it was a way of slicing and
04:56:30 9 dicing so that you could -- you could get as broad a
04:56:38 10 research base of data and information.

04:56:40 11 So, for example, the Radford, Dunlap and
04:56:43 12 Croner were specific to certain segments, business
04:56:46 13 segments. The high -- the other survey that we're
04:56:50 14 looking at would be looking at, for example, if we were
04:56:52 15 to look at high-tech industry, we would be able to try
04:56:55 16 and find data that applied to Silicon Valley, which
04:57:01 17 might be helpful in helping us determining what we were
04:57:04 18 going to have to pay software engineers. It wouldn't
04:57:06 19 be helpful to us in determining what we need to pay our
04:57:09 20 animation staff.

04:57:10 21 Q. Well, did these segments -- or did you
04:57:13 22 understand these segments to be segments that provided
04:57:23 23 information regarding market levels of compensation for
04:57:27 24 Lucasfilm employees?

04:57:31 25 That's not a very good question. Let me

REPORTER'S CERTIFICATE

I, Anne Torreano, Certified Shorthand Reporter licensed in the State of California, License No. 10520, hereby certify that the deponent was by me first duly sworn, and the foregoing testimony was reported by me and was thereafter transcribed with computer-aided transcription; that the foregoing is a full, complete, and true record of said proceedings.

I further certify that I am not of counsel or attorney for either or any of the parties in the foregoing proceeding and caption named or in any way interested in the outcome of the cause in said caption.

The dismantling, unsealing, or unbinding of the original transcript will render the reporter's certificates null and void.

In witness whereof, I have subscribed my name this 31st day of August, 2012.

☒ Reading and Signing was requested.

☐ Reading and Signing was waived.

☐ Reading and Signing was not requested.

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